

FISCAL IMPACT STATEMENT ON BILL NO. **H. 3124**

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TO:	The Honorable Robert E. "Bob" Walker, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell		
DATE:	January 16, 2007	SBD:	2007014

AUTHOR:	Representative Walker	PRIMARY CODE CITE:	59-62-10
SUBJECT:	Public School Open Enrollment Choice Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

This Bill establishes a public school enrollment choice program which allows parents to apply to enroll their children in schools other than those in their attendance zone and provides for the process by which applications are accepted and evaluated.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of this Bill. A synopsis of the impact associated with each section is summarized as follows.

Sections 59-62-30 and 59-62-40 establish the process by which school districts will receive and process applications for enrollment. The Department of Education estimates that school districts will require 1.00 FTE per district to implement the provisions of these sections at a cost of \$45,500 per district for salary and fringe. The total impact to school districts would be approximately \$3,867,500 per year, which could be funded at the General Assembly's discretion with the state General Fund, Education Improvement Act funds, local funds, or a combination of these funds.

Section 59-62-80 (B) requires that districts receive 100 percent of the base student cost from the state for students enrolled in schools outside their district of residence. Using the FY 2007-08 projected base student cost of \$2,476 and an average student weighting of 1.26, the state would pay an additional \$936 per nonresident student. Although the exact number of students who would exercise this option is unknown, there would be a fiscal impact to the General Fund of the State of approximately \$6,383,520 for every one percent of the student population enrolled in a school outside their district of residence. As Section 59-62-50 (B) (1) allows districts to cap their acceptance of nonresident students at 3%, only 20,500 students could participate in the program at any given time.

Section 59-62-120 requires SDE to conduct an annual survey of the districts to determine the number of students participating in the program and to collect other data associated with implementation. SDE estimates annual survey and compilation costs at \$50,000. In addition, SDE estimates non-recurring costs of \$10,000 for reprogramming EFA financial data systems.

Recapitulation

The first year total cost to implement the provisions of this Bill is estimated to be \$10,311,020. Of this amount, \$6,443,520 at least would be from the General Fund of the State. The remaining \$3,867,500 could be funded at the General Assembly's discretion using the General Fund, Education Improvement Act funds, local government funds, or a combination of these funds.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:

A handwritten signature in black ink that reads "Don Addy". The signature is written in a cursive, flowing style.

Don Addy
Assistant Director, Office of State Budget